



City of
Arcadia

Development
Services
Department

Jason Kruckeberg
*Assistant City Manager/
Development Services
Director*

January 17, 2013

Ana J. Matosantos, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

DEPARTMENT OF FINANCE

Steve Szalay, Local Government Consultant
California Department of Finance
915 L Street
Sacramento, CA 95814

**RE: REQUEST FOR CONSIDERATION OF LONG-RANGE
PROPERTY MANAGEMENT PLAN AND ISSUANCE OF
FINDING OF COMPLETION FOR ARCADIA**

Dear Ms. Matosantos and Mr. Szalay:

The purpose of this letter is to transmit for consideration a Long-Range Property Management Plan (Long-Range Plan) for the Successor Agency to the former Arcadia Redevelopment Agency (Successor Agency). This Long-Range Plan has been prepared pursuant to Section 34191.5(b) and (c) of the Health and Safety Code. Although a Finding of Completion has not been issued to the Successor Agency, we request early review and approval of the Long-Range Plan so that the Successor Agency does not lose a chance to sell certain property to a willing buyer with a closing window of opportunity. The sale of this property will provide approximately \$3 million in proceeds to be distributed amongst the taxing entities. However, if the sale is not completed soon the Successor Agency will lose this opportunity to sell, and the disposition of this property will be more time consuming and costly, and will likely not command the same sales price.

The Successor Agency approved the Long-Range Plan on November 18, 2012. The Oversight Board of the Successor Agency approved the Long-Range Plan on January 8, 2013 (see the attached Long-Range Plan and Resolution No. 15 of the Oversight Board). This Plan provides for the sale of only four parcels owned by the Successor Agency to a single developer, as described in more detail below.

For a number of years, the City of Arcadia has been attempting to make a deal with the Rusnak Group auto dealership (Rusnak) on an expansion of this local business. The Rusnak dealership is under corporate pressure to expand, and it is now our understanding that the franchise is at significant

risk of being closed because it cannot meet expansion demands. This would be a significant blow to Arcadia. Rusnak is a model corporate citizen, is invested in the community, and is a successful job producer and sales tax generator that provides benefits to the region. Further, as noted above, the sale of the properties (estimated at \$3 million) would also result in a distribution of sales proceeds to all relevant taxing entities. If the Successor Agency does not sell to Rusnak, the Successor Agency would have to go through the process of marketing the property and would likely not have an immediately available buyer. Further, if Rusnak was forced to close its dealership, there would likely be a surplus of available land adjacent to the Successor Agency's properties, which could reduce the value of our property and make it harder to sell.

In 2010/2011, the Arcadia Redevelopment Agency (ARA) acquired the neighboring commercial properties necessary to complete the assembly of a 1.95 acre parcel adjacent to the existing Rusnak dealership site to facilitate the expansion. The ARA then proceeded to complete a draft Disposition and Development Agreement (DDA) with Rusnak in mid-2011. However, at that point the California Supreme Court issued their stay of all Redevelopment activity and the finalization of the DDA could not be pursued. Obviously, the Supreme Court decision to end Redevelopment in December 2011 set the project back yet again.

In June, 2012, the Successor Agency began work on a non-redevelopment land sale with Rusnak. Rusnak indicated that it was prepared to execute a Purchase and Sale Agreement to purchase the four (4) parcels for expansion. Staff had presented the potential deal to the newly-formed Oversight Board to the Successor Agency in May 2012, and was developing a timeline to bring the project forward to the Successor Agency, Oversight Board, and Department of Finance for review and approval. The passage of AB 1484 stopped these efforts and now the Successor Agency is in the process of compliance with the new requirements set forth in AB 1484.

The Successor Agency understands there is a process in place for the Department of Finance to review and approve the results of Due-Diligence Reviews for both housing and non-housing funds, prior to issuing a Finding of Completion, and that the Finding of Completion is a prerequisite to approving the Long Range Property Management Plan. We have complied with the DOF's ruling with regard to housing funds and we have an approved DDR under review by the DOF for non-housing funds currently. However, we believe it is in the best interest of the taxing entities to proceed with this opportunity to dispose of property immediately. If the Department of Finance does not believe it has the authority to approve the Long Range Property Management Plan prior to issuance of the Finding of Completion, we ask that you approve the sale of these properties to Rusnak, so that the Successor Agency can expeditiously dispose of these properties in a manner that maximizes value for all the taxing entities. If Department of Finance needs further action from the Oversight Board before it can approve the sale, we are more than willing to consider taking such action.

Once again, we request that the DOF issue a Finding of Completion for the Arcadia Successor Agency per Section 34179.7 of the Health and Safety Code and allow the City to effectuate the sale of the properties in an expeditious manner. Please contact Jerry Schwartz, Arcadia Economic Development Manager, at 626-574-5409 if you have any questions.

Sincerely,



Jason Kruckeberg
Chair, Arcadia Oversight Board

cc: The Honorable Bob Huff
California State Senate

The Honorable Edward Chau
California State Assembly

The Honorable Carol Liu
California State Senator

The Honorable Michael Antonovich
Supervisor, Fifth District

Members of the Arcadia Oversight Board

Dominic Lazzaretto, City Manager

Jerry Schwartz, Economic Development Manager

Stephen P. Deitsch, Best Best and Krieger

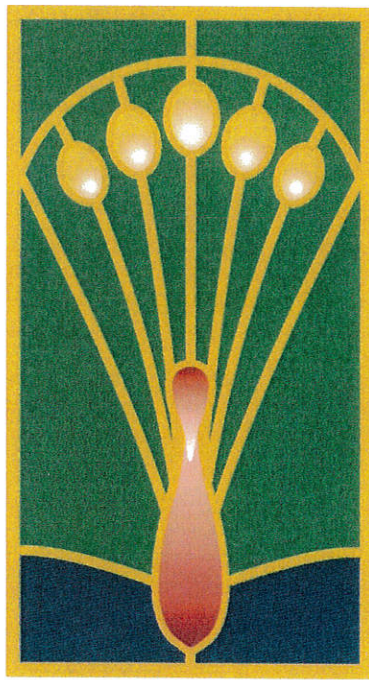
Ethan Walsh, Best Best and Krieger

Attachments:

Long-Range Property Management Plan
Resolution No. 13 of Oversight Board to the Successor Agency of the former
Arcadia Redevelopment Agency

LONG RANGE PROPERTY MANAGEMENT PLAN

SUCCESSOR AGENCY TO THE FORMER
ARCADIA REDEVELOPMENT AGENCY



CITY OF
ARCADIA

240 West Huntington Drive
Arcadia CA 91007

Long Range Property Management Plan

Successor Agency to the former Arcadia Redevelopment Agency

INTRODUCTION

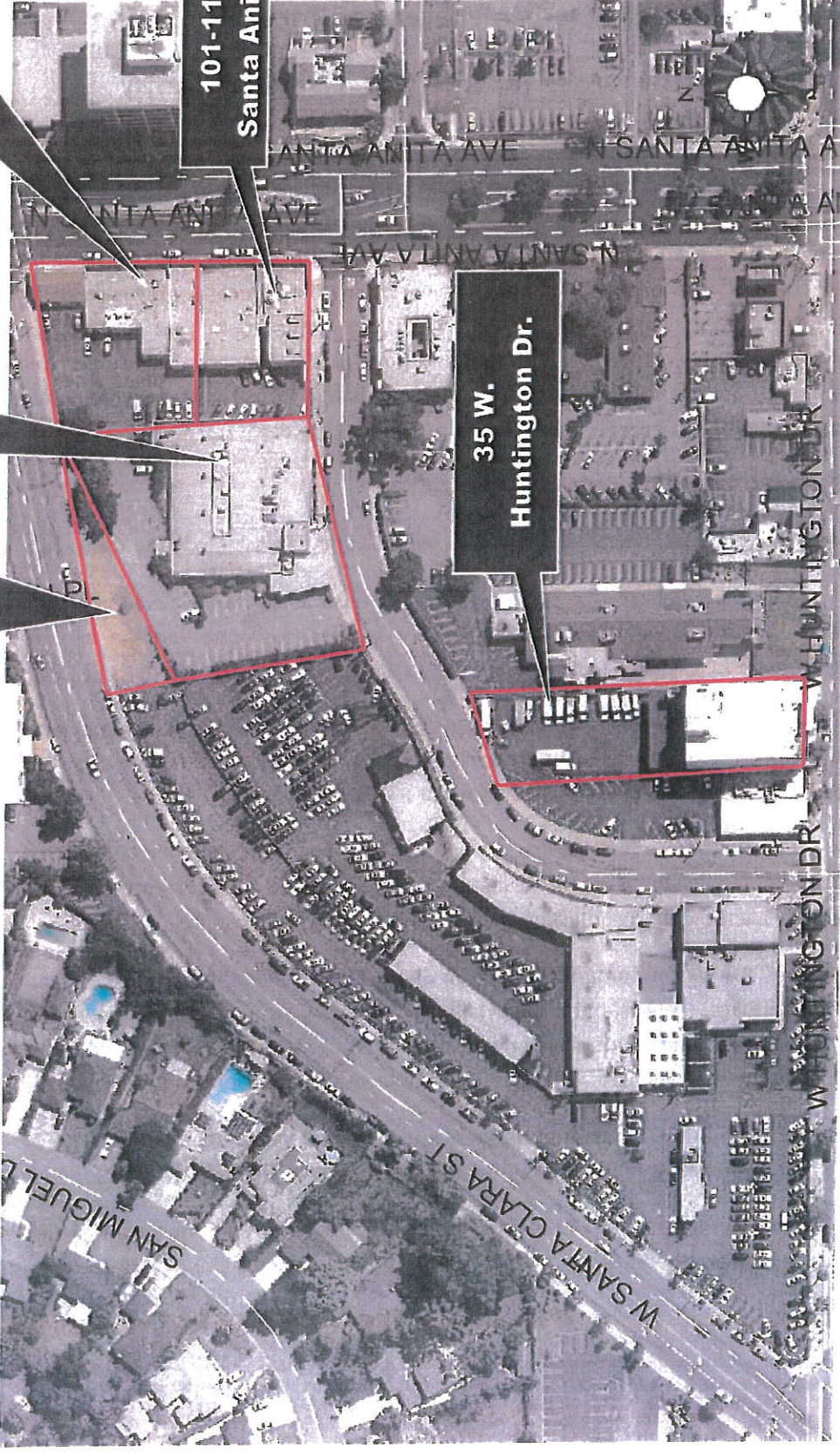
On June 27, 2012, Governor Brown signed into law Assembly Bill 1484 (AB 1484), a budget trailer bill that makes substantial changes to the redevelopment agency dissolution process implemented by Assembly Bill 1X 26. One of the key components of AB 1484 is the requirement that all successor agencies develop a long-range property management plan that governs the disposition and use of the former redevelopment agency property. This document is the Long Range Property Management Plan for the Successor Agency to the former Arcadia Redevelopment Agency (Successor Agency).

SUMMARY OF PROPERTIES OWNED BY THE SUCCESSOR AGENCY

There are five (5) properties owned and controlled by the Successor Agency. They include the following:

1. 121-159 North Santa Anita Avenue. A 20,550 square foot parcel formerly developed with commercial uses. The Arcadia Redevelopment Agency worked with the tenants on the relocation of their businesses, and this site is now vacant and fenced.
2. 101-111 North Santa Anita Avenue. A 14,200 square foot parcel formerly developed with commercial and office uses. The Arcadia Redevelopment Agency worked with the tenants on the relocation of their businesses, and this site is now vacant and fenced.
3. 21 Morlan Place. A 44,000 square foot lot that formerly housed a church. The church has been relocated elsewhere in Arcadia and the site has been cleared and paved. It is currently used for auto storage through a lease with the adjacent Rusnak Mercedes Benz dealership.
4. The "Dahlgren Parcel". A vacant commercial site on Santa Clara Street that is north of and adjacent to 21 Morlan Place. This is an unusually shaped, 6,100 square foot vacant parcel that has never been developed and is not developable on its own. It must be combined with surrounding properties to be developed. The site does not have a formal address.
5. 35 West Huntington Drive. A 20,040 square foot parcel, it is currently developed with a 38,127 square foot, five story, self-storage building, and several vacant commercial tenant spaces.

These properties are described in greater detail in the "Inventory" section below and are shown in the aerial photo below, and in Attachment A.



121-159 N.
Santa Anita Ave.

101-111 N.
Santa Anita Ave

35 W.
Huntington Dr.

21 Morlan
Place

5775-025-908



Attachment A

City-Owned Commercial Properties – Five Parcels

HISTORY OF PREVIOUS DEVELOPMENT PROPOSALS AND ACTIVITIES

All of the properties included in the Successor Agency's inventory have been acquired in an effort to redevelop and revitalize this portion of the City of Arcadia through an expansion of a local car dealership business. This dealership, Rusnak Mercedes Benz (Rusnak), moved to an adjacent parcel in 2000. The site had been occupied by another car dealership (Foulger Ford) but had been vacant for many years prior to Rusnak's purchase of the site. Shortly after moving to Arcadia, Rusnak and the Arcadia Redevelopment Agency (ARA) began discussions on an expansion of the dealership. The expansion of the dealership was included in the ARA's Implementation Plan and Mid-Redevelopment Plan Update, both of which reflected that this was the top priority of the ARA. In 2001, the ARA obtained appraisals and cost estimates for relocation and goodwill for the adjacent properties. As Rusnak built a new showroom on the site, the ARA worked toward establishing owner/tenant participation letters with the adjacent property owners.

In 2004, the ARA entered into a Land Assembly and Development Agreement (LADA) with Rusnak to effectuate the expansion of the dealership onto three of the five properties currently owned by the Successor Agency. The deal was predicated on the Agency acquiring these and several other parcels to facilitate an expansion along Huntington Drive, where the current showroom is located. The ARA acquired 35 West Huntington Drive in 2006 and 21 Morlan Place in 2008 as part of the implementation of the LADA. The Agency was unable to acquire two other critical properties that were necessary for the expansion under the LADA and the agreement expired. Two floors of the building at 35 West Huntington (which is occupied by a self-storage facility) were leased to Rusnak for parts storage. The user at 21 Morlan Place was relocated, the building was subsequently demolished, and the site was leased to Rusnak for auto storage. These parts and auto storage leases were viewed by the ARA as temporary uses until such time as the Rusnak expansion occurred.

Rather than attempt to utilize Eminent Domain to acquire the other parcels necessary to implement the LADA, the ARA pursued the acquisition of a different cluster of parcels and worked with Rusnak to reconfigure a new site plan for expansion. In 2010, the Agency acquired the neighboring commercial properties addressed as 101-111 North Santa Anita Avenue and 121-159 North Santa Anita Avenue. In 2011, the ARA acquired the "Dahlgren" parcel, to finish out the block and complete the assembly of a 1.95 acre parcel adjacent to the existing Rusnak dealership site. The ARA then proceeded to complete a draft Disposition and Development Agreement (DDA) with Rusnak in mid-2011. However, at that point the California Supreme Court issued their stay of all Redevelopment activity and the finalization of the DDA could not be pursued. Obviously, the Supreme Court decision to end Redevelopment in December 2011 set the project back yet again. The Agency and Rusnak were very close to culminating 10 years of efforts to facilitate the dealership's expansion when State Supreme Court made its ruling.

In June, 2012, the Successor Agency began work on a non-redevelopment land sale with Rusnak. Rusnak indicated that it was prepared to execute a Purchase and Sale Agreement to purchase the four (4) parcels for expansion. Staff had presented the potential deal to the newly-formed Oversight Board to the Successor Agency, and was developing a timeline to bring the project forward to the Successor Agency, Oversight Board, and Department of Finance for review and approval. The passage of AB 1484

stopped these efforts and now the Successor Agency is in the process of compliance with the new process set forth in AB 1484.

Another significant issue with regard to delay is the fact that the Rusnak dealership is under pressure from Mercedes-Benz to expand. A number of years ago, Mercedes required all of its California dealerships to upgrade to a new "Autohaus" concept. The Autohaus concept includes expanded showrooms, expanded service provision, and enhanced site features. For Rusnak, this requirement can only be accomplished with an expansion of land area. Given the fact that the many attempts to effectuate a land deal have been stalled, Mercedes has removed numerous incentives from Rusnak and it is now our understanding that the franchise is in jeopardy of being closed because it cannot meet Mercedes' demands. This would be a significant blow to Arcadia. Time is of the essence to have the Long Range Property Management Plan approved so the land sale can proceed and this important local business will be able to expand.

To summarize, the former ARA and current Successor Agency have been attempting to complete a deal with Rusnak to expand this important local business in Arcadia for more than 10 years. Rusnak is a model corporate citizen, is invested in the community, and is a successful job producer and sales tax generator that provides benefits to the region. Over the years, the five parcels currently in the ownership of the Successor Agency have all been acquired to facilitate this important expansion. The Rusnak expansion has been part of the Agency's Implementation Plan for over a decade and remains a high priority for this community. The Successor Agency's long-term plan is to combine four of the five existing parcels under its ownership (21 Morlan Place, both Santa Anita Avenue parcels, and the Dahlgren Parcel) into this land sale and development project with Rusnak. The proceeds from the sale and subsequent construction will be of great benefit to taxing entities, and the City will realize its long-term redevelopment goal of creating an economically sustainable community free of blighting conditions. An expanded Rusnak dealership will provide new permanent full-time jobs in both the blue collar (service and parts) and professional (sales and management) fields. It will also combine several underutilized and irregularly shaped parcels that were previously under separate ownership into a unified and attractive parcel that will receive at least \$10 million in development upgrades. The new investment by Rusnak will yield greater property tax revenues to all taxing entities for many years. The increase in property tax will begin when the Successor Agency sells its four properties to Rusnak and they reappear on the tax rolls as being owned by a private party rather than a public entity.

The final parcel, 35 West Huntington Drive, is an existing self-storage building that the City plans to continue to operate in the near term but will ultimately liquidate. While this parcel was previously considered as part of the 2004 Rusnak LADA, it is not part of the current expansion. However, Rusnak leases two floors for its parts business, including storage and inventory control. The City is also using the building for storage of City property from the library, historical museum, and other departments. In addition, Arcadia City Hall is currently going through a renovation that has necessitated the use of the self-storage building to house City Hall records and property. While these public uses take up some of the available self storage spaces, and make it difficult to sell until those are vacated, the City expects to own the building until the new Rusnak dealership is constructed, and the parts department moves from

the building into the dealership. Once that process is completed, the City will look to sell the self-storage building.

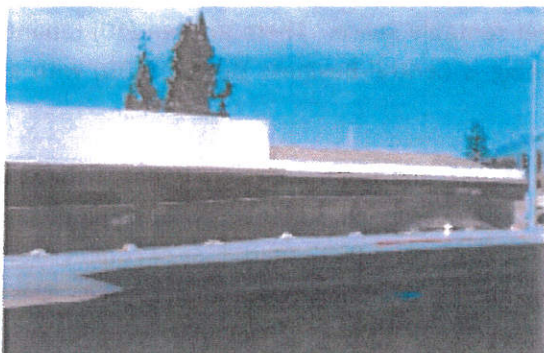
Should the Rusnak project not proceed, the Successor Agency would issue a Request for Proposal for a commercial development project on the four contiguous parcels. The proposals would need to conform to the General Plan and fit the Successor Agency's vision for the area. It is anticipated that the Successor Agency would seek a developer that is experienced with downtown commercial sites. The goal would be a project that generates property taxes that would be shared with the taxing entities, as well as sales or transient occupancy taxes for the City of Arcadia. The Successor Agency would be open to proposals that involve selling the properties to the selected developer or working out a long term lease, with the ownership remaining with the Successor Agency. Similarly should the Rusnak project not proceed, the 35 West Huntington Drive property would likely be sold.

INVENTORY

Section 34191.5(c)(1) of the Health and Safety Code, which was added as part of AB 1484, requires that the Long Range Property Management Plan include an inventory of all properties held in the Community Redevelopment Property Trust Fund. For the Arcadia Successor Agency, this includes the five parcels referenced in the two prior sections. As per the statute, each of these parcels is described separately.

Parcel #1:

121-159 North Santa Anita Avenue



Portion of Property from across Santa Anita Avenue



North End of Property with view of Santa Clara Street

Date of Acquisition and its value at that time, and an estimate of current value.

This commercial property at 121-159 North Santa Anita Avenue was acquired in August 2010 for \$1,616,500. It was purchased together with the adjoining commercial property at 101-111 North Santa Anita Avenue. These combined properties provide approximately 240 linear feet of frontage on Santa Anita Avenue, a major commercial street in downtown Arcadia with access to the I-210 freeway and the upcoming extension of the Gold Line mass transit line from Pasadena through Arcadia. An appraisal of the property was performed as of February 23, 2010, and the value at that time was determined to be \$1,525,000. Given that commercial real estate values have remained relatively steady over the past two years, the current value of this site is unlikely to have changed from the appraised value in February 2010.

The purpose for which the property was acquired.

The property was acquired as part of the assemblage of a larger commercial site to sell or lease long term to Rusnak Mercedes Benz to expand the dealership, including the construction of a new showroom with frontage on Santa Anita Avenue, which is a major commercial street in downtown Arcadia. The expansion of the dealership on Santa Anita Avenue would give Rusnak a major presence on the two main commercial streets in downtown Arcadia: Huntington Drive and Santa Anita Avenue. It would also provide access from Morlan Place on the south side and Santa Clara Street on the north side. Both Santa Anita Avenue and Santa Clara Street are visible in the photographs of the site at the top of the page.

Parcel data for each property, including address, lot size and current zoning.

The property address is 121-159 North Santa Anita Avenue. The Assessor Parcel numbers are 5775-025-903 and 904. The lot size is 20,550 sq. ft. The property has three contiguous commercial buildings with 8,900 sq. ft. of gross building area and 8,709 sq. ft. of net rentable space. There are ten (10) tenant spaces all of which have been vacated. The current zoning is Central Business District (CBD) with a Downtown Overlay.

There are three contiguous buildings that were built in 1948, 1952, and 1960. There are twenty-five (25) parking spaces behind the building. The parking ratio of 2.81 spaces per 1,000 sq. ft. of commercial space is significantly below the City's parking standard of 5 spaces per 1,000 square feet of commercial space. The current code would require 45 parking spaces for this amount of commercial space. This property was a legal non-conforming use.

An estimate of the current value of the parcel, including any appraisal information, if available.

The property appraised in February 2010 for \$1,525,000. When the appraisal was performed, the property was generating rental income from the commercial tenants, which had a positive impact on its value. The Redevelopment Agency received rent from the tenants that were in place when it purchased the property. Currently the property is vacant and fenced. This can be seen in the photos at the top of this section. All of the tenants have been relocated. While it has not been appraised recently, the primary value of the property is in the land rather than the improvements. This is because the City would not want the building reoccupied without adequate parking and without significant work done to the building, which has suffered from several years of deferred maintenance. As a result, the current value is estimated at approximately the same as the 2010 appraised value of \$1,525,000.

An estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues.

The ten (10) tenant spaces generated \$8,580 per month in gross rent revenues when they were occupied. Most of the tenants were on month-to-month rental agreements that were in place when the property was acquired in August 2010. For several months, before relocation efforts were initiated, the Redevelopment Agency received these rent revenues. The City hired Overland Pacific & Cutler to handle the relocation, which started in May, 2011 and was completed in May, 2012. The rental income dwindled as tenants were relocated. Currently the spaces are vacant and there is no longer any rental income.

Any history of environmental contamination or remediation efforts.

There is no known history of environmental contamination on this site. A phase one environmental review was performed during escrow which did not reveal any issues of concern.

A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

The use of this property for the expansion of the Rusnak Mercedes Benz dealership would advance the planning objectives of the Arcadia Successor Agency. It would do this because the Arcadia Successor Agency has assumed the goal of the Arcadia Redevelopment Agency to help the dealership expand. This goal has been in the City of Arcadia's plans for a decade. The Successor Agency now controls these properties that were purchased by the Arcadia Redevelopment Agency. One of the planning goals is new investment on this site that will be attractive and generate revenue for the City of Arcadia. The expansion of the Mercedes Benz dealership will meet that goal.

In the General Plan update, which was completed in November 2010, transit-oriented development is one of the goals identified for the downtown area to integrate with the expansion of the Gold Line mass transit line from Pasadena through Arcadia. A significant portion of the City's downtown was rezoned to promote transit oriented development. The higher density TOD sites are east of Santa Anita Avenue, however, making this site not conducive for a transit-oriented development project. This area was not zoned to allow high density residential or other types of TOD as part of the 2010 General Plan update.

A brief history of previous development proposals and activities, including the rental or lease of property.

The property was purchased as part of a larger site assembly to create an advantageous location for Rusnak Mercedes Benz to expand. Building a new showroom on the assembled site that includes this parcel would give the dealership tremendous visibility on Santa Anita Avenue, one of the two main streets in downtown Arcadia. Rusnak/Arcadia already has a strong presence on Huntington Drive, the other main street in Downtown Arcadia.

Redevelopment Agency staff negotiated final terms for a deal to sell this and other properties to Rusnak in 2011. However, before the documentation was complete and could be scheduled for a public hearing, the State Supreme Court put a stay on redevelopment which prevented any new transactions. As a result, the deal was stopped before it could be presented to the Arcadia City Council. The elimination of redevelopment prevented the 2011 agreement from ever going forward.

Rusnak Mercedes Benz has indicated that it is prepared to execute a Purchase and Sale Agreement to purchase the four (4) parcels that make up the 1.95 acre expansion site. The Successor Agency may also consider negotiating a long term lease with the dealership. Rusnak is under pressure from Mercedes-Benz to expand or potentially have the dealership closed. Time is of the essence to proceed with the land sale or lease so that this important local business will be able to expand, maintaining local jobs and consistent revenues to the City and State.

Parcel #2:

101-111 North Santa Anita Avenue



South end of Property along Morlan Place



View of Property looking north along Santa Anita Avenue

Date of Acquisition and its value at that time, and an estimate of current value.

The property was purchased in August 2010 for \$1,716,000. It was purchased together with the adjoining commercial property at 121-159 North Santa Anita Avenue. These combined properties provide approximately 240 linear feet of frontage on Santa Anita Avenue, a major commercial street in downtown Arcadia with access to the I-210 freeway. An appraisal of the property was performed as of February 23, 2010, and the value at that time was determined to be \$1,560,000. Given that commercial real estate values have remained relatively steady over the past two years, the current value of this site is unlikely to have changed from the appraised value in February 2010.

The purpose for which the property was acquired.

The property was acquired as part of the assemblage of a larger site to sell or lease long term to Rusnak Mercedes Benz to expand the dealership, including the construction of a new showroom with frontage on Santa Anita Avenue, which is a major commercial street in downtown Arcadia. The expansion of the dealership on Santa Anita Avenue would give Rusnak a major presence on the two main commercial streets in downtown Arcadia, Huntington Drive, and Santa Anita Avenue. It would also provide access from Morlan Place on the south side and Santa Clara Street on the north side. Both Santa Anita Avenue and Morlan Place are visible in the photographs on the site at the top of the page.

Parcel data for each property, including address, lot size and current zoning.

The address is 101-111 North Santa Anita Avenue. The assessor parcel numbers are 5775-025-905, 906, and 907. The lot size is 14,200 sq. ft. The property has two contiguous commercial buildings with 9,460 sq. ft. of gross building area and 9,367 sq. ft. of net rentable building area. As shown in the photos

above, the building is two stories on the Morlan Place side, and one story on the Santa Anita Avenue side. There are eleven (11) tenant spaces, including three on the second floor. The current zoning is Central Business District (CBD) with a Downtown Overlay.

There are two contiguous buildings that were built in 1953, and 1954. There are fifteen (15) parking spaces behind the building, all of which have been vacated. The parking ratio of 1.59 spaces per 1,000 sq. ft. of commercial space is significantly below the City's parking standard of 5 spaces per 1,000 square feet of commercial space. The current code would require 48 parking spaces for this amount of commercial space. This property was a legal non-conforming use.

An estimate of the current value of the parcel including any appraisal information, if available.

The property was appraised in February 2010 for \$1,560,000. When the appraisal was performed, the property was generating rental income from the commercial tenants, which had a positive impact on its value. The Redevelopment Agency received rent from the tenants that were in place when it purchased the property. Currently the property is vacant and fenced. This can be seen in the photos at the top of this section. All of the tenants have been relocated. While it has not been appraised recently, the primary value of the property is in the land rather than the improvements. This is because the City would not want the building reoccupied without adequate parking and without significant work done to the building, which has suffered from several years of deferred maintenance. As a result, the current value is estimated at approximately the same as the 2010 appraised value of \$1,560,000.

An estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues.

The eleven (11) tenant spaces generated \$8,245 per month in gross rent revenues when they were occupied. Most of the tenants were on month-to-month rental agreements that were in place when the property was acquired in August 2010. For several months, before relocation efforts were initiated, the Redevelopment Agency received these rent revenues. The City hired Overland Pacific & Cutler to handle the relocation, which started in May, 2011 and was completed in May, 2012. The rental income dwindled as tenants were relocated. Currently the spaces are vacant and there is no longer any rental income.

Any history of environmental contamination or remediation efforts.

There is no known history of environmental contamination on this site. A phase one environmental review was performed during escrow which did not reveal any issues of concern.

A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

The use of this property for the expansion of the Rusnak Mercedes Benz dealership would advance the planning objectives of the Arcadia Successor Agency. It would do this because the Arcadia Successor Agency has assumed the goal of the Arcadia Redevelopment Agency to help the dealership expand. This

goal has been in the City of Arcadia's plans for a decade. The Successor Agency now controls these properties that were purchased by the Arcadia Redevelopment Agency. One of the planning goals is new investment on this site that will be attractive and generate revenue for the City of Arcadia. The expansion of the Mercedes Benz dealership will meet that goal.

In the General Plan update, which was completed in November 2010, transit-oriented development is one of the goals identified for the downtown area to integrate with the expansion of the Gold Line mass transit line from Pasadena through Arcadia. A significant portion of the City's downtown was rezoned to promote transit oriented development. The higher density TOD sites are east of Santa Anita Avenue, however, making this site not conducive for a transit-oriented development project. This area was not zoned to allow high density residential or other types of TOD as part of the 2010 General Plan update.

A brief history of previous development proposals and activities, including the rental or lease of property.

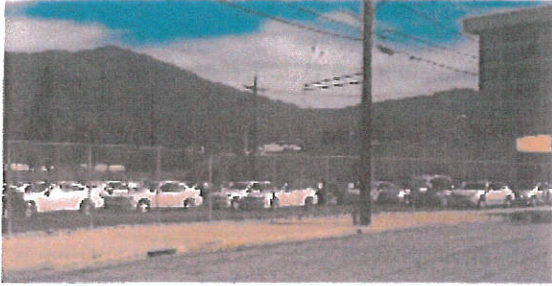
The property was purchased as part of a larger site assembly to create an advantageous location for Rusnak Mercedes Benz to expand. Building a new showroom on the assembled site that includes this parcel would give the dealership tremendous visibility on Santa Anita Avenue, one of the two main streets in downtown Arcadia. Rusnak/Arcadia already has a strong presence on Huntington Drive, the other main street in Downtown Arcadia.

Redevelopment Agency staff negotiated final terms for a deal to sell this and other properties to Rusnak in 2011. However, before the documentation was complete and could be scheduled for a public hearing, the State Supreme Court put a stay on redevelopment which prevented any new transactions. As a result, the deal was stopped before it could be presented to the Arcadia City Council. The elimination of redevelopment prevented the 2011 agreement from ever going forward.

Rusnak Mercedes Benz has indicated that it is prepared to execute a Purchase and Sale Agreement to purchase the four (4) parcels that make up the 1.95 acre expansion site. The Successor Agency may also consider negotiating a long term lease with the dealership. Rusnak is under pressure from Mercedes-Benz to expand or potentially have the dealership closed. Time is of the essence to proceed with the land sale so that this important local business will be able to expand, maintaining local jobs and consistent revenues to the City and State.

Parcel #3:

21 Morlan Place



Current Status – Fenced with Rusnak New Car Storage



Property as purchased with building, since demolished

Date of Acquisition and its value at that time, and an estimate of current value.

This commercial property at 21 Morlan Place was purchased in September 2008 for \$3.6 million. An appraisal of the property was performed in April 2005, and the value at that time was determined to be \$2,470,000. The appraisal was done when there was a building on the property, as shown in the second photo above. After the Redevelopment Agency purchased the property, it demolished the building and paved the lot. This current status is shown in the first photo above. The April 2005 appraisal included a value of \$1,450,000 if the parcel was vacant. Since the building has been demolished, and commercial real estate values have been relatively flat during the economic slowdown, the current value is unlikely to be much different than the 2005 appraised value of the site if vacant.

The purpose for which the property was acquired.

The property was purchased as part of the assemblage of a commercial site to sell or lease long term for the expansion of Rusnak Mercedes Benz. The Arcadia Redevelopment Agency approved a Land Acquisition and Development Agreement (LADA) with Rusnak in 2004. The LADA included provisions for property assembly to create a site for expansion along Huntington Drive adjacent to the current dealership location. The property at 21 Morlan Place was purchased as part of that site assembly. It was anticipated that most of Morlan Place would be vacated as part of creating the expanded site under the LADA.

Under the current expansion plan, this parcel is to be combined with the two parcels on North Santa Anita Avenue (101-111 & 121-159) and the Dahlgren piece to create a parcel that is approximately 1.95 acres that will provide the dealership with visibility on both Santa Anita Avenue and Huntington Drive, the two major streets in downtown Arcadia. This plan does not include the vacation of any public streets. It is a different plan than the 2004 LADA, which was never implemented because the Redevelopment Agency was not able to acquire the other properties that were necessary.

Parcel data for each property, including address, lot size and current zoning.

This property is 44,000 square feet in size. The assessor parcel number is 5775-025-902. When the property was acquired in September 2008, there was an 18,292 sq. ft. building on the site. That building has since been demolished. The current site is vacant, graded, fenced, and striped for parking. The property is zoned Central Business District (CBD) with a Downtown Overlay.

An estimate of the current value of the parcel including any appraisal information, if available.

The property was appraised in April 2005 for \$2,470,000. As mentioned above, when the property was purchased in September 2008, there was a building on the site. The appraisal that was completed in April 2005 took that into account. The appraiser also provided a value for the site if vacant. The value of the vacant site was approximately \$1 million less than an improved site. The current value is estimated at around \$1,450,000 based on the site being vacant.

An estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues.

The property is currently leased to Rusnak Mercedes Benz for new vehicle storage, an arrangement that has been in place since December 2008. This is shown in the first photo at the top of this section. Lease payments are \$1,000 per month. Disposition of the revenues will be based on the Due Diligence Review of non-housing funds that is currently being performed by the City's audit firm. The lease revenue will end once the property is sold to Rusnak as part of the 1.95 acre expansion site.

Any history of environmental contamination or remediation efforts.

There was lead paint and asbestos in the building. Those were remediated and disposed of prior to demolition, in keeping with State and Federal Law. The site no longer has any environmental issues.

A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

The use of this property for the expansion of the Rusnak Mercedes Benz dealership would advance the planning objectives of the Arcadia Successor Agency. It would do this because the Arcadia Successor Agency has assumed the goal of the Arcadia Redevelopment Agency to help the dealership expand. This goal has been in the City of Arcadia's plans for a decade. The Successor Agency now controls these properties that were purchased by the Arcadia Redevelopment Agency. One of the planning goals is new investment on this site that will be attractive and generate revenue for the City of Arcadia. The expansion of the Mercedes Benz dealership will meet that goal.

In the General Plan update, which was completed in November 2010, transit-oriented development is one of the goals identified for the downtown area to integrate with the expansion of the Gold Line mass transit line from Pasadena through Arcadia. A significant portion of the City's downtown was rezoned to promote transit oriented development. The higher density TOD sites are east of Santa Anita Avenue,

however, making this site not conducive for a transit-oriented development project. This area was not zoned to allow high density residential or other types of TOD as part of the 2010 General Plan update.

A brief history of previous development proposals and activities, including the rental or lease of property.

The property was purchased as part of a larger site assembly to create an advantageous location for Rusnak Mercedes Benz to expand. Building a new showroom on the assembled site that includes this parcel would give the dealership tremendous visibility on Santa Anita Avenue, one of the two main streets in downtown Arcadia. Rusnak/Arcadia already has a strong presence on Huntington Drive, the other main street in Downtown Arcadia.

Redevelopment Agency staff negotiated final terms for a deal to sell this and the other properties to Rusnak in 2011. However, before the documentation was complete and could be scheduled for a public hearing, the State Supreme Court put a stay on redevelopment which prevented any new transactions. As a result, the deal was stopped before it could be presented to the Arcadia City Council.

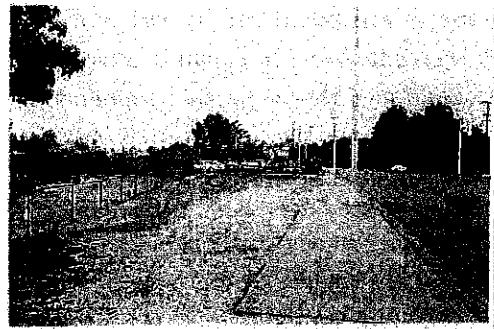
Rusnak Mercedes Benz has indicated that it is prepared to execute a Purchase and Sale Agreement to purchase the four (4) parcels that make up the 1.95 acre expansion site. The Successor Agency may also consider negotiating a long term lease with the dealership. Rusnak is under pressure from Mercedes-Benz to expand or potentially have the dealership closed. Time is of the essence to proceed with the land sale so that this important local business will be able to expand, maintaining local jobs and consistent revenues to the City and State.

Parcel #4:

"Dahlgren Parcel" - Vacant Commercial Site on Santa Clara Street, North of 21 Morlan Place



View of Dahlgren Property from Across Santa Clara Street



Close up of Dahlgren Property, bordering 21 Morlan Place

Date of Acquisition and its value at that time, and an estimate of current value.

This vacant commercial property, without an address, and adjacent to 21 Morlan Place, was acquired in May 2011 for \$608,100. It was purchased to complete the 1.95 acre expansion site for Rusnak Mercedes Benz, squaring off the site and providing clear access for the dealers' customers from Morlan Place to Santa Clara Street. An appraisal of the property was performed as of December 2006, and the value at that time was determined to be \$335,000. The current value of the property is most likely unchanged from the purchase price paid approximately 1 ½ years ago.

The purpose for which the property was acquired.

The property was acquired as part of the assemblage of a larger site to sell or lease long term to Rusnak Mercedes Benz to expand the dealership, including the construction of a new showroom with frontage on Santa Anita Avenue. The expansion to Santa Anita Avenue would give Rusnak/Arcadia a presence on the two main commercial streets in downtown Arcadia: Huntington Drive, and Santa Anita Avenue. This site completed the parcel and would allow the Rusnak site plan to include an interior street for new car delivery and service entry and exiting.

This property was acquired to complete the 1.95 acre parcel for the expansion of Rusnak Mercedes Benz. It was not acquired until the development agreement was almost finished and this site was necessary for access as described in the previous paragraph.

Parcel data for each property, including address, lot size and current zoning.

The property is a vacant, triangular site of approximately 6,100 sq. ft. (according to the Los Angeles County Assessor's records. The assessor parcel number is 5775-025-908. The seller provided a map that

reflected a parcel size of 7,074.94 sq. ft.). The small size and spread out nature of the parcel are evident from the two photographs at the start of this section. The property has never been developed and thus has never been given an address. It has been known locally as the "Dahlgren parcel" for the name of the family that had owned it for over 50 years. The current zoning is Central Business District (CBD) with a Downtown Overlay. As a remnant piece of property, it is not developable on its own. It can only be developed in combination with other adjoining properties.

An estimate of the current value of the parcel including any appraisal information, if available.

The property was purchased in May 2011 for \$608,100. The Arcadia Redevelopment Agency and then the Arcadia Successor Agency have owned the property for approximately 1 ½ years. It has not changed since that time. As a result, the value should not have changed from the purchase price.

An estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues.

There have been no lease revenues generated from this site. As a remnant parcel, it does not have value as a property to be leased.

Any history of environmental contamination or remediation efforts.

The Successor Agency is unaware of any environmental contamination on this site. As it has always been vacant, there are no building remnants on the property to contaminate the soil.

A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

The use of this property for the expansion of the Rusnak Mercedes Benz dealership would advance the planning objectives of the Arcadia Successor Agency. It would do this because the Arcadia Successor Agency has assumed the goal of the Arcadia Redevelopment Agency to help the dealership expand. This goal has been in the City of Arcadia's plans for a decade. The Successor Agency now controls these properties that were purchased by the Arcadia Redevelopment Agency. One of the planning goals is new investment on this site that will be attractive and generate revenue for the City of Arcadia. The expansion of the Mercedes Benz dealership will meet that goal.

In the General Plan update, which was completed in November 2010, transit-oriented development is one of the goals identified for the downtown area to integrate with the expansion of the Gold Line mass transit line from Pasadena through Arcadia. A significant portion of the City's downtown was rezoned to promote transit oriented development. The higher density TOD sites are east of Santa Anita Avenue, however, making this site not conducive for a transit-oriented development project. This area was not zoned to allow high density residential or other types of TOD as part of the 2010 General Plan update. Additionally, as a small remnant parcel, it cannot be developed on its own.

A brief history of previous development proposals and activities, including the rental or lease of property.

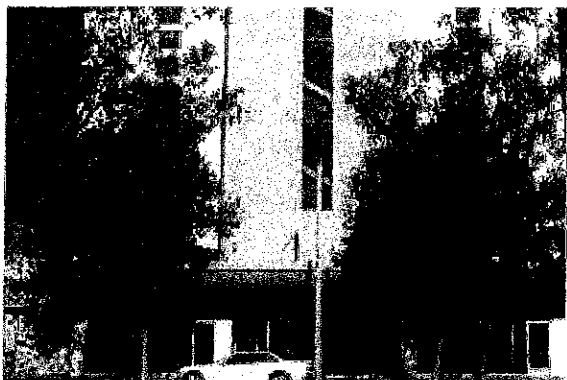
The property was purchased as part of a larger site assembly to create an advantageous location for Rusnak/Arcadia Mercedes Benz to expand. Building a new showroom on the assembled site that includes this parcel would give the dealership tremendous visibility on Santa Anita Avenue, one of the two main streets in downtown Arcadia. Rusnak/Arcadia already has a strong presence on Huntington Drive, the other main street in Downtown Arcadia.

Redevelopment Agency staff negotiated final terms for a deal to sell this and the other properties to Rusnak in 2011. However, before the documentation was complete and could be scheduled for a public hearing, the State Supreme Court put a stay on redevelopment which prevented any new transactions. As a result, the deal was stopped before it could be presented to the Arcadia City Council.

Rusnak Mercedes Benz has indicated that it is prepared to execute a Purchase and Sale Agreement to purchase the four (4) parcels that make up the 1.95 acre expansion site. The Successor Agency may also consider negotiating a long term lease with the dealership. Rusnak is under pressure from Mercedes-Benz to expand or potentially have the dealership closed. Time is of the essence to proceed with the land sale so that this important local business will be able to expand, maintaining local jobs and consistent revenues to the City and State.

Parcel #5

35 West Huntington Drive



View of Commercial Store Fronts on Huntington Drive



View of Outside Building Façade and Upper Floors

Date of Acquisition and its value at that time, and an estimate of current value.

This commercial property at 35 West Huntington Drive was acquired in 2006 for \$4,600,000. An appraisal of the property was performed as of February 2006, and the value at that time was determined to be \$4,175,000. Because of the real estate downturn of the past few years, it is unlikely that the value has changed much from the original purchase price.

The purpose for which the property was acquired.

The property was purchased as part of the site assemblage of a commercial site to sell for the expansion of Rusnak Mercedes Benz to enlarge the dealership. The Arcadia Redevelopment Agency approved a Land Acquisition and Development Agreement (LADA) with Rusnak in 2004. The LADA included provisions for property assembly to create a site for expansion along Huntington Drive adjacent to the current dealership location. As the back of this property opens onto Morlan Place, its acquisition fit into a plan to vacate most of that street as part of creating the expanded site under the LADA. As part of preparing to sell this property to Rusnak, the three commercial tenants on Huntington Drive were relocated by the Redevelopment Agency. The first photograph above shows the vacant commercial spaces on Huntington Drive after being remodeled.

Since the current expansion plan involves combining four other parcels to create a 1.95 acre parcel with frontage on North Santa Anita Avenue, this site is no longer part of the Rusnak expansion. Because the Redevelopment Agency was not able to acquire the other properties that were necessary, the 2004 LADA was never implemented.

Parcel data for each property, including address, lot size and current zoning.

The property address is 35 West Huntington Drive. The assessor parcel number is 5775-025-901. The lot size is 20,040 sq. ft. The property has a single commercial building that is 38,127 sq. ft., and is divided into four floors plus a basement. When it was purchased, all five floors were used for self storage. The three commercial spaces on the Huntington Drive side of the building were occupied. The property is zoned Central Business District (CBD) with a Downtown Overlay.

The building was built in 1949. There are 22 marked parking spaces in the parking lot behind the building. The size of each floor is: Basement – 7,571 sq. ft.; First floor – 7,531 sq. ft., Second Floor – 7,675 sq. ft.; Third Floor – 7,675 sq. ft.; Fourth Floor – 7,675 sq. ft. The rentable area was 22,600 sq. ft. for the storage units and 2,000 sq. ft. the first floor commercial units.

An estimate of the current value of the parcel including any appraisal information, if available.

When the appraisal was completed in February 2006, all five floors were used for self storage and the commercial spaces on Huntington Drive were occupied. There was also a cell tower lease with AT&T for the roof and an equipment storage room on the fourth floor. Currently, the basement and first floor are leased to Rusnak for parts storage and inventory. The second, third, and fourth floors are still being used for self storage. The commercial spaces on Huntington Drive are vacant.

The site has not been appraised since acquisition. Income was an important consideration during the February 2006 appraisal, and the revenue stream from the self storage operation is not as strong as it was in 2006. The larger, more profitable self storage units were removed to make space for the Rusnak parts operation. Additionally, the vacant commercial units on Huntington Drive are not providing any rent revenues.

An estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues.

There are two active leases related to this property. Rusnak Mercedes Benz operates a part storage and inventory control operation on the first floor and basement level of the building. Rusnak makes a lease payment of \$1,688 per month for this space. In order to create space for Rusnak, the Agency relocated the self storage tenants from the ground floor and first floor to upper floors, and removed the larger, more lucrative self storage units that were on these two floors. AT&T wireless has a cell site on the roof of the building, with an equipment room on the fourth floor. This lease expires in May 2013. Staff had worked out the terms of a new lease with a large rent increase, but this process was stopped by the stay issued by the State Supreme Court before the lease could be presented to the City Council. AT&T is anxious to proceed with the new lease. The proposed new lease would raise the rent from \$1,400 per month to a base of \$2,000 per month, with 3% annual rent increases. The new lease would increase the value of the building because of the higher lease payments and the proposed 15-year term.

It is also worth mentioning that the Successor Agency has a management agreement with a professional self storage company that involves paying a monthly fee based on rent revenues. While there is a cost

for professional management, operating a self storage building is not an area of expertise for the Successor Agency. The Successor Agency currently receives approximately \$2,000 - \$4,000 per month in remittances from the management company.

Any history of environmental contamination or remediation efforts.

There is no history of environmental contamination on this site.

A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

This site was originally purchased as part an effort to assemble a larger site for the expansion of Rusnak Mercedes Benz. As this was the Agency's highest priority, its purchase advanced the planning objectives of the Successor Agency. As stated above, it is no longer part of the expansion plans.

In the General Plan update, which was completed in November 2010, transit-oriented development is one of the goals identified for the downtown area to integrate with the expansion of the Gold Line mass transit line from Pasadena through Arcadia. A significant portion of the City's downtown was rezoned to promote transit oriented development. The higher density TOD sites are east of Santa Anita Avenue, however, making this site not conducive for a transit-oriented development project. This area was not zoned to allow high density residential or other types of TOD as part of the 2010 General Plan update.

This specific site does not have strong potential for transit-oriented development. While it is located on Huntington Drive, it is a mid-block site, which would not be as attractive as a corner parcel. Additionally, the 20,040 sq. ft. property size would not allow a significant TOD development unless it was combined with other properties to make a larger site. Lastly, the cost to vacate and demolish the building makes its use for another purpose, such as TOD, uneconomical.

A brief history of previous development proposals and activities, including the rental or lease of property.

As mentioned above, this site was acquired as part of the 2004 LADA between the Arcadia Redevelopment Agency and Rusnak Mercedes Benz. As the Agency was not able to acquire the other sites required in the LADA, those expansion plans were not implemented. The current expansion plans to build a new showroom along North Santa Anita Avenue do not involve this site.

The information about the leasing of portions of this site is described in a previous section above. The commercial spaces on Huntington Drive have been improved but are currently vacant. There have been several parties interested in leasing the two spaces, but the inability of the Redevelopment Agency and the Successor Agency to enter into new agreements due to the dissolution of Redevelopment, have thwarted those efforts.

USE OR DISPOSITION OF PROPERTIES

Section 34191.5(c)(2) of the Health and Safety Code requires that Successor Agencies address the use or disposition of all properties in the Community Redevelopment Trust Fund. The properties can be retained for governmental use, retained for future development, sold, or used to fulfill an enforceable obligation. The legislation goes on to state the following:

- *The plan should separately identify and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.*
- *Property intended to be used for a project identified in an approved redevelopment plan will be transferred to the host city or county.*
- *If the successor agency plans to liquidate the property or use the revenues from the property for any purpose other than fulfilling an enforceable obligation or for a contemplated redevelopment project, the proceeds from the sale shall be distributed as property tax to the taxing entities.*

As stated above, the Arcadia Successor Agency wishes to utilize four of its properties to complete a project that is within an approved redevelopment plan as allowed by bullet point #2 above. As such, it is requested that these properties be transferred to the City as soon as possible. Properties 1-4 in the inventory have long been planned to be part of the Rusnak Mercedes Benz expansion project, a project that has been contemplated in the Redevelopment Agency's Five Year Implementation Plans and Mid-Plan updates for over a decade. The former Arcadia Redevelopment Agency worked with Rusnak since 2001 to attempt to complete a deal. Currently the Successor Agency has a signed Purchase and Sale Agreement with Rusnak and is prepared to take this project through the appropriate local land use review process. Rusnak has been a willing and cooperative partner through this process, and we request that this transfer be allowed to occur immediately so that the City and Successor Agency are able to pursue this important local project. It is essential that the transfer be approved promptly because Rusnak is under pressure from Mercedes-Benz to expand or potentially have the dealership closed. While having the dealership purchase or lease long term the Successor Agency properties and expand its facilities would be good for all taxing entities, the alternative would be a significant blow to Arcadia and the region. Thus time is of the essence to complete this transaction to facilitate the dealership's expansion.

Attachment B provides a proposed site plan for the expanded Rusnak dealership on properties 1-4 as contemplated by the Successor Agency's development project. Attachment C includes the portion of the 2010-2015 Five Year Implementation Plan that refers to the expansion of Rusnak Mercedes Benz as the Agency's highest priority.

Should the Rusnak project not proceed, the Successor Agency would issue a Request for Proposal for a commercial development project on the four contiguous parcels. The proposals would need to conform to the General Plan and fit the Successor Agency's vision for the area. It is anticipated that the Successor Agency would seek a developer that is experienced with downtown commercial sites. The goal would be a project that generates property taxes that would be shared with the taxing entities, as well as sales or transient occupancy taxes for the City of Arcadia. The Successor Agency would be open

to proposals that involve selling the properties to the selected developer or working out a long term lease, with the ownership remaining with the Successor Agency.

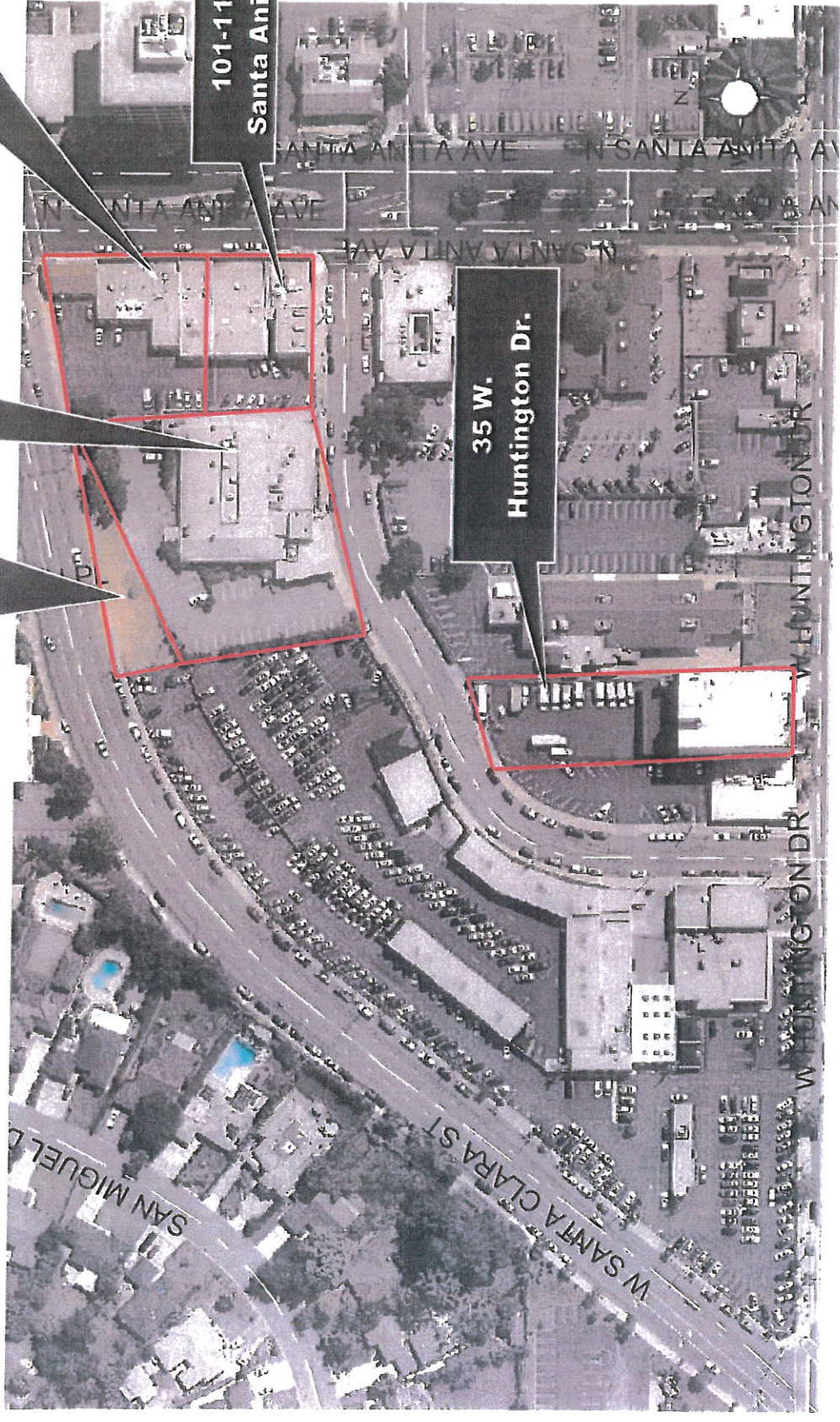
With regard to the final property, 35 W. Huntington, it is the Successor Agency's intent to retain this parcel in the short term, but, ultimately, liquidate it. While this parcel was previously considered as part of the 2004 LADA with Rusnak, it is not part of the current deal. The City does use the current building for storage of City property from the library, historic museum, and other departments. In addition, Arcadia City Hall is currently going through a renovation that has necessitated the use of the self-storage building to house City Hall records and property. Lastly, Rusnak leases two floors for parts storage and inventory. Once the dealership has completed its expansion, it is anticipated that the parts storage will move on-site. The Successor Agency anticipates continuing to own and operate this building until Rusnak moves its parts operation. Once that occurs, the City will look to sell the self-storage building. Should the Rusnak project not proceed, this property would likely be sold or leased in a shorter timeframe.

Attachments

- A. Aerial Photo of Agency Properties
- B. Rusnak Expansion Site Plan
- C. Arcadia Redevelopment Agency Five Year Implement Plan 2010-2015 (excerpts showing Rusnak expansion)

Attachment A

Aerial Photo of Agency Properties



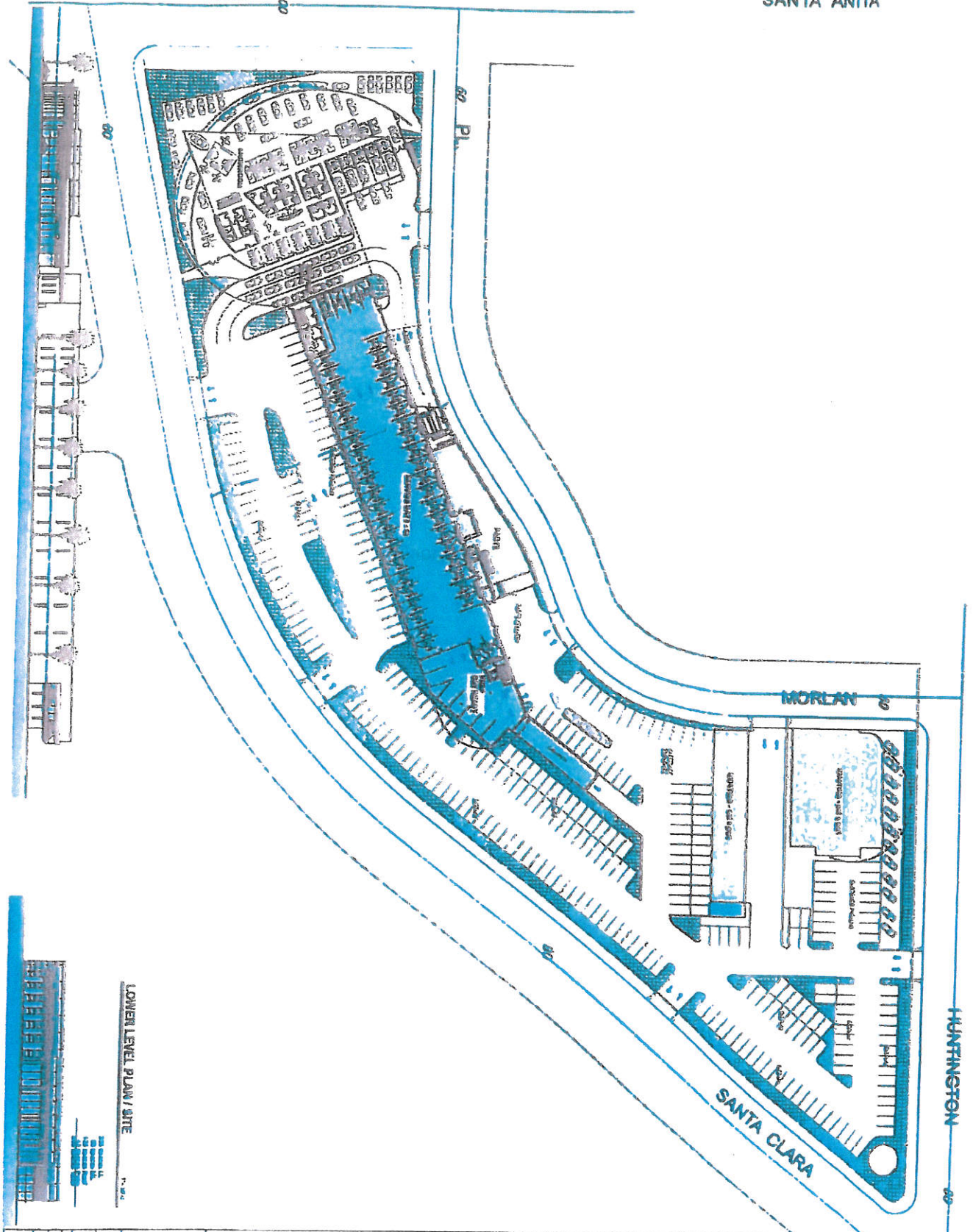
Attachment A
City-Owned Commercial Properties – Five Parcels

Attachment B

Rusnak Expansion Site Plan

AVE.

SANTA ANITA



LOWER LEVEL PLAN / SITE

1" = 40' 0"

<p>PROJECT LOCATION SANTA ANITA SANTA ANITA</p>	<p>B - 1st</p>	<p>1" = 40' 0"</p>	<p>North 0° 0' 0"</p>	<p>Whitfield Associates, Inc. Architects Santa Anita, CA</p>
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Attachment C

Five Year Implementation Plan

Two affordable housing projects have been completed through partnerships with the Agency. One project, Heritage Park, is a 54-unit, 100% senior housing development that opened in September 2004, was accomplished with a \$1.8 million investment from the low and moderate income housing fund. The other project, the Alta Street Classics, is an 6-unit, moderate income, townhome development, that opened in early 2008, provided home ownership opportunities to first time buyers, including allowing some City employees to move into town.

Overall, more than 1,400 full time, and 2,000 part time jobs have been created because of Agency-assisted projects. The image and reputation of both the City of Arcadia and the Central Redevelopment Project Area have been significantly improved through these investments. The complete list of Agency accomplishments is included as Exhibit 1 at the back of this Plan.

H. Accomplishments since Implementation Plan 2005-2010

Since the approval of Implementation Plan 2005-2010, the Agency has worked diligently to achieve the goals and objectives outlined in the Plan. As referenced in Table 6 above, the Agency and Rusnak/Arcadia reached a Land Assembly and Development Agreement (LADA) in December 2004, and it was amended in November 2005. The agreement involved the Agency acquiring certain parcels to allow Rusnak to expand its dealership in Arcadia. Two steps in the implementation of the agreement were the purchase of the Arcadia Self Storage building in 2006 and the Church in Arcadia site in 2008. The Agency's ability to purchase the other properties has been limited by a ballot measure, approved by the voters, to give up the Agency's right of eminent domain. Efforts to acquire the additional parcels, while unsuccessful, are ongoing.

The Agency remodeled the Self Storage building, including painting the exterior and completely redoing the two commercial spaces and the facade along Huntington Drive. The two commercial spaces are on the market for lease. Staff relocated self storage tenants from the basement and first floor to other floors in the building, and the Agency leased the basement and first floor to Rusnak for parts storage. The Agency relocated the Church in Arcadia to temporary facilities while they build their new building at 630 East Live Oak Avenue, on land acquired from the Agency. The Agency is paying the cost of the temporary relocation. The parking lot of the former Church property is being leased by the Agency to Rusnak to store vehicles. The former Church building has been demolished, with grading and paving of the building pad slated for early in 2010. The Agency has also reached agreement on price and terms to acquire a vacant manufacturing property at 400 Rolyn Place. The transaction is anticipated to close in mid- December.

As referenced earlier, the Agency completed the Alta Street Classics, at 119-121 Alta Street, a six (6) unit, moderate income townhome project, that was made available to first time homebuyers. The Agency also acquired a vacant, two-unit residential property at 15 Lucille Street in 2009. This property will be used to increase the supply of affordable housing in the City.

Table 6
Agency Owned Properties

Property Address	Type of Property	When Purchased	Current Status
35 West Huntington Drive	Self Storage Building w/ two commercial units	2006	Self storage business still operating; Basement and first floor leased to Rusnak for parts storage; Agency leasing two commercial spaces
21 Morlan Place	Commercial; former site of Church in Arcadia	2008	Parking lot leased to Rusnak for vehicle storage; building demolished; pad to be paved in early 2010
15 Lucille Street	Two unit residential property	2009	Units are vacant; arranging demolition and redevelopment of affordable housing units
400 Rolyn Place	Manufacturing	Escrow	Agreed with seller on price and terms; currently in due diligence period; escrow closing scheduled for mid-December 2009

- 35 West Huntington Drive and 21 Morlan Place were purchased pursuant to a Land Assembly and Development Agreement between the Agency and Rusnak/Arcadia which was approved on December 7, 2004 and amended on November 1, 2005. Both properties were purchased with general redevelopment funds. The 21 Morlan Place transaction also included the transfer of 630 East Live Oak to the Church in Arcadia for its new offices, worship and meeting facilities.
- 15 Lucille Street was purchased through a foreclosure sale using the Agency's low and moderate income housing funds.
- 400 Rolyn Place includes a 15,000 sq. ft. building, and can potentially be used for a specific tenant or as a relocation site for one of the businesses that will be impacted by extension of the Gold Line through Arcadia. While the purchase is being made, at least in part, with Agency funds, it will become an eligible transportation fund cost if it is used in conjunction with the Gold Line extension.

areas, particularly the Downtown.

12. Cooperate with business, educational, civic, and service organizations to improve the quality of life and economic opportunity for all in Arcadia.
13. Increase sales and other direct and indirect tax receipts to the City.
14. Increase tax increment and other revenues to the Agency.
15. Provide increased employment opportunities for Arcadia residents.
16. Improve the image of Arcadia, and the Downtown, as a place to live, shop and work.

SECTION 2: FUTURE AGENCY PROJECTS, PROGRAMS, AND ACTIVITIES; FIVE YEAR PLANNING PERIOD (2010-2015)

In 1985, the Agency compiled a list of twenty-six (26) projects and programs as required by AB 265. These were adopted by the Agency on December 3, 1985, and finally by ARA Resolution 97 on July 15, 1986. These have served as the basis of the Agency's long-term project and program planning efforts. The list has been updated as part of the multi-year Implementation Plan process and annually as projects were completed by the private or public sector. The Agency's master list of projects (Master List of Projects, Table 9) is derived from four sources: a) the 1986 list, b) the 1994 list (ARA 174) adopted July 5, 1994, c) the October 11, 1994 list (i.e., the Downtown 2000 Program), and d) additional programs and projects compiled by staff and incorporated into the annual Agency budget adopted by the Board.

Many of the projects on 1985-1986 lists and two 1994 lists have been completed (Agency Accomplishments, Appendix F). The list below is divided into five (5) implementation periods as shown in Table 9 through Table 13: 1) ongoing (annual); 2) short term (one to three years); 3) intermediate term (three to six years); 4) long term (six or more years); 5) opportunity projects (possible projects not included in any other list). Affordable Housing programs and activities are shown in the next section.

The programs, projects, and activities listed below will serve to address remaining blight or improve underutilized sections of the project area while meeting the goals of the redevelopment plan. It should be noted that the Arcadia General Plan is currently undergoing a major update, slated for completion in 2010. The revision to the General Plan and subsequent updating of the Zoning Code will impact the implementation of certain projects. In pursuing its projects and activities, the Redevelopment Agency is responsible for implementing the General Plan.

The projected costs to carry out the projects listed below far exceed the anticipated financial resources of the Agency over the next five years (even without the State taking Agency funds for ERAF to backfill for education funding). The number of projects and programs that the Agency will be able to implement depends on a number of factors, including the economy, real estate market, lending climate, the number of projects with owner/developers, costs of relocation, and whether the Agency is able to issue bonds or pursue other third party financing.

Table 9
Ongoing Programs, Projects, and Activities

Title of Project	Estimated Amount or Cost
Payment to 2001 bondholders	\$1.68 million annually (through 2023)
Payment to the Low/Moderate Income Housing Fund (20% of gross T.I. annually)	For FY 2009-2010 - \$888,000
Economic Development Operations (Redevelopment and Housing)	For FY 2009-2010 - \$670,000
Payment to LA County Auditor-Controller (per SB 211, Council Ordinance 2181)	25% of tax increment growth since 2003-2004, plus an additional 21% after 2012-2013. Estimate for 2009-2010 - \$254,000.
Reimbursement to Church in Arcadia for Temporary Relocation (thru August 2010)	\$32,000

Table 10
Short Term Projects, Programs & Activities – 1-3 Years

Title of Project	Project Site	Estimated Amount
Land Acquisition (Rusnak)	Rod's Grill, Elk's Lodge and Dalgrens plus vacation of Morlan Place	\$4 million (including cost of relocation) – potential bond proceeds
Agency Bond Issue – refunding of existing 2001 bonds and separate issue to generate new funds	Project wide	New proceeds could range from \$8 – 10 million; possible in solid bond market
Commercial Façade Rehabilitation Program	Commercial/Industrial zones in the Project Area	\$50,000 for FY 2009-2010; probable funding increase in 2010-2011
ERAF payment to Los Angeles County	Required by State Law (unless CRA lawsuit is successful)	FY 2009-2010 - \$1,547,696 FY 2010-2011 - \$318,643
Downtown - Banner Program and Marketing/Outreach	Huntington Drive/First Avenue	\$100,000
Acquisition of 400 Rolyn Place	400 Rolyn Place	\$2.1 million
Grading and Paving	21 Morlan Place	\$150,000
Traffic Improvements in Project Area	Various sites	\$200,000

RESOLUTION NO. 13

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED ARCADIA REDEVELOPMENT AGENCY, APPROVING THE LONG RANGE PROPERTY MANAGEMENT PLAN PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5(c)(1)

WHEREAS, pursuant to Health and Safety Code section 34173(d), the City of Arcadia ("RDA Successor Agency") is the successor agency to the dissolved Arcadia Redevelopment Agency ("Agency"), confirmed by a vote of the Arcadia City Council at its meeting on January 3, 2012; and

WHEREAS, Health and Safety Code section 34179(a) provides that each successor agency shall have an oversight board composed of seven members; and

WHEREAS, the Oversight Board is the RDA Successor Agency's oversight board pursuant to Health and Safety Code section 34179(a); and

WHEREAS, Health and Safety Code section 34191.5(c)(1) requires the RDA Successor Agency to prepare a long range property management plan that details each commercial property that was owned by redevelopment when it was eliminated; and

WHEREAS, the long range property management plan must be reviewed and approved by the State Department of Finance before any potential real estate transaction can occur; and

WHEREAS, the Arcadia Redevelopment Agency owned five commercial properties when redevelopment was eliminated, and said properties are in the control of the Successor Agency, which has prepared the Long Range Property Management Plan; and

WHEREAS, the Long Range Property Management Plan was presented to and approved by the City Council acting as the Successor Agency at the November 20, 2012 City Council meeting; and

WHEREAS, Health and Safety Code Section 34191.5(c)(1) requires that the Oversight Board consider and approve the Long Range Property Management Plan before it is submitted to the Department of Finance for its review; and

WHEREAS, it benefits the Successor Agency to seek approval of the Long Range Property Management Plan expeditiously in order to effectuate the sale of some or all of these properties at the earliest possible date.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED ARCADIA REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. CEQA Compliance. The approval of the Long Range Property Management Plan through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 3. Approval of the Long Range Property Management Plan. The Oversight Board hereby approves and adopts the Long Range Property Management Plan, in substantially the form attached to this Resolution as Exhibit A, pursuant to Health and Safety Code Section 34191.5(c)(1).

SECTION 4. Implementation. The Oversight Board hereby directs the RDA Successor Agency to submit a copy of the Long Range Property Management Plan approved by the Oversight Board, to the State of California Department of Finance after the effective date of this Resolution.

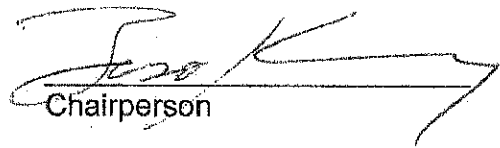
SECTION 5. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 6. Effective Date. Pursuant to Health and Safety Code section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

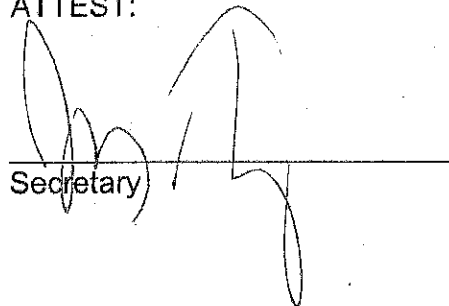
SECTION 7. The Secretary shall certify to the adoption of this Resolution.

[SIGNATURES ON THE NEXT PAGE]

Passed, approved and adopted this 8th day of January, 2013.


Chairperson

ATTEST:


Secretary

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS:
CITY OF ARCADIA)

I, JERRY SCHWARTZ, Secretary of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Arcadia, hereby certifies that the foregoing Resolution No. 13 was passed and adopted by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Arcadia, signed by the Chairperson and attested to by the Secretary at a special meeting of said Board held on the 8th day of January, 2013 and that said Resolution was adopted by the following vote, to wit:

AYES: Board Members: Kovacic, Miller, Hwang, Chapman, Kruckeberg,
Beranek and Shawn

NOES: None

ABSENT: None

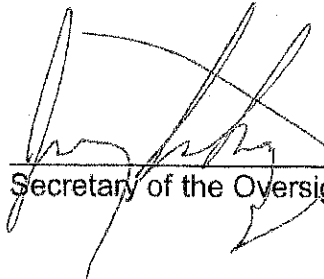

Secretary of the Oversight Board

EXHIBIT A

Long Range Property Management Plan

[attached behind this page]